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DEPARTMENT OF STATE A/CDC/MR 0560
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Following based on uncleared memorandum conversation between Acting Secretary and Ambassador Chapman May 11.

Chapman expressed gratification US interest Volta Project and appreciation U.S. sharing cost Reassessment Report and publicity in Foreign Commerce Weekly.

Main purpose visit was upon instruction Ghana Government to seek U.S. assistance in working outpplan for financing dam and power plant since number questions have arisen for Ghana as result their discussions with aluminum companies. Main question is determining what rate to be charged for power. This of course would depend how much would be grant assistance and how much in loans and their terms. Power rate he said must be sufficient to prevent loss to Ghana and cover costs of servicing and amortization.

Acting Secretary said answer Nkrumah's letter being delivered. After alluding to Nkrumah's two specific requests he outlined U.S. activities regarding Volta and mentioned it essential aluminum industry be tied-up with

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S/S CR

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Project. Re financing Acting Secretary said Chapman's explanation today clarified Nkrumah's problem and he believed it possible establish approximately what power rate might be charged. When questioned Chapman was unable to indicate status of Ghana's talks with IBRD. Acting Secretary explained that in similar situations where project is too large for any one country to handle IBRD has served as "focal point" and has worked closely with Government concerned, as in case, India.

With regard possible U.S. sources financing Acting Secretary said DLF would be available. DLF's usual interest rate is 3½ percent. Repayment on dam projects generally run 15 to 20 years, with repayment being agreed in dollars, sterling or local currency. Dillon cautioned DLF's appropriation FY60 uncertain and more should be known by August, also there many world wide demands under consideration. Volta Project Acting Secretary said is too big for DLF alone and determination what DLF loan might be would also depend on what assistance Ghana obtained from other sources.

Acting Secretary said he did not believe anyone in Washington had fully realized why Ghana was so anxious to obtain some idea as to terms of financing. In order get Volta Project off "dead center" he indicated U.S. would be perfectly willing to explore with World Bank the possibilities of their financing portion hydroelectric project and also discuss with Kaiser "where they were going." Once this done it his opinion Ghana would be in position seek help from IBRD and their assistance in determining an approximate power rate. If IBRD's estimate should be too high, Ghana would then have to see what grants or assistance it might obtain from the Commonwealth or other sources.

Acting Secretary closed conversation by mentioning again U.S. could make no commitment until Congress votes FY 60 appropriations. In meantime he suggested that

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after talks with IBRD Ghana might talk to Kaiser regarding its idea what it would have to pay for power.

FYI. Chapman left memorandum of what his conversation was to have covered. Memorandum indicated Ghana wanted advice as soon as possible of assistance hich U.S. may wish to give it in working out and implementing plan for financing of construction of dam and power installation. END FYI.

Chapman requested daily contact with Department on Volta.

Department sending airgram text Chapman's memorandum.

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